

# Committee on Resources

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## TESTIMONY OF REPRESENTATIVE HUNT DOWNER

### BEFORE THE U.S. HOUSE OF REPRESENTATIVES

#### COMMITTEE ON RESOURCES

Mr. Chairman and Members of the Committee, my name is Hunt Downer, and I am pleased to appear before you today to discuss Enhancing American's Energy Security. At no time in our Nation's history have we faced greater vulnerability to our critical infrastructure, and I applaud this Committee for taking the initiative to discuss this issue.

As a Louisiana state legislator for 27 years, former Louisiana Speaker of the House, Brigadier General in the Louisiana National Guard, rough-neck and roust-about in the oil and gas fields of South Louisiana, I have an understanding of the significant role Louisiana plays in helping to meet this Nation's energy needs, and the threats facing our energy supply. I would like to focus my remarks on a specific area in South Louisiana that has become the focal point of the Federal Outer Continental Shelf (OCS) leasing program.

That area is Port Fourchon, Louisiana. Far removed from the limelight of the California energy crisis or the ANWR drilling issues, this little dot on the map at the end of a winding two-lane road is now, by far, America's most significant energy port.

Unlike many states, Louisiana has embraced the offshore oil and gas industry, and we do it well and with very little fan-fare. The Gulf of Mexico is the source of 30% of our Nation's domestic energy supply. In fact, when the Gulf activity was shut down in the fall of 2002 for eight days due to Tropical Storm Isidore and Hurricane Lilly, 22.4 million barrels of domestic oil and 88.9 billion cubic feet of gas were not available for the U.S. market. This represents \$1 billion of oil and gas not available for U.S. consumption.

The path of these storms was roughly through the heart of the Gulf Oil Fields, the same area that relies on Port Fourchon for its services. A disruption of Port Fourchon's services would yield similar impacts.

The growth in the Gulf energy activity has been in federal waters deeper than 1000 feet, in the Outer Continental Shelf. This dramatic increase was the direct result of the passage of the Deepwater Royalty Relief Act in 1995. The impact of this landmark legislation has been remarkable.

In 1997, there were only 16 deepwater projects. By the end of 2002, there were 64; From 1995 to 2001, oil production was up 500%, and gas production was up 550%. The Minerals Management Services currently estimates deepwater reserves of 71 billion barrels with 56 billion barrels yet to be discovered; By contrast, the entire Continental Shelf has only 15 billion barrels left to be discovered. Clearly, the future of our Nation's energy needs rests largely on continued, efficient and cost effective energy exploration on the Outer Continental Shelf.

This domestic OCS activity is more important than ever before, with the threats in the Persian Gulf region, the troubles in Venezuela, and oil prices at an all time high.

Port Fourchon, the major port that services most of this activity, and the only port which can service this activity in a cost-effective and efficient manner, faces two primary categories of risks. The first risk will come as no surprise to this Committee – terrorism. The second risk will likely surprise you – an entirely inadequate highway infrastructure servicing Port Fourchon. Permit me to briefly address both topics.

Located on the mouth of Bayou Lafourche in Lafourche Parish, Port Fourchon is Louisiana's only port on the Gulf of Mexico. Port Fourchon is strategically located in the central portion of the Gulf, and due to its location and state-of-the-art facilities and equipment specifically designed and constructed to service offshore activity, it has become the focal point of deep-water oil and gas activities in the Gulf.

Within a 40-mile radius of Port Fourchon, there are 600 platforms. A staggering 75% of the deep-water drilling rigs working in the Gulf are supported by Port Fourchon. In a recent Environmental Impact Statement on offshore lease-sales, the Minerals Management Service identified Port Fourchon as a focal point of deep-water activity. It is estimated that Port Fourchon accommodates approximately 16 to 18% of the entire U.S. domestic crude oil, natural gas production, and 13% of the U.S. imported crude oil.

As these numbers reveal, and as numerous federal agencies have documented, Port Fourchon is a vital link to our Nation's energy supply. And I am sure I do not need to remind this Committee of connection between our Nation's energy supply and National Security. While Port Fourchon's proximity to the Gulf and its somewhat remote location makes it an ideal place to service the vast majority of domestic and OCS activity in the Gulf, it also makes the Port's facilities and all of the service vessels vulnerable to terrorist attacks. To that end, the Port has been very diligent in working with local, state and federal agencies to maintain a high level of security at the Port and its surrounding complex. Recently, the Port applied to the U.S. Maritime Administration for seaport security grants, for which Congress has twice provided funding. We are hopeful that MarAd will provide the necessary funding to enable the Port to install state-of-the-art surveillance and communication equipment to further enhance security measures already in place at the Port. If there was one message that I would leave with the Committee today, it would be to encourage you to continue to provide funding for seaport security, both in the form of grants directly to ports, and adequate funding for the Coast Guard, Transportation Security Administration and other federal agencies involved with seaport security.

The next threat that Port Fourchon faces is domestic. Simply put, the highway infrastructure connecting Port Fourchon to the Interstate Highway System can be compared to that of a third-world country. The Port is connected to the mainland by a 17-mile stretch of winding road that runs through the most rapidly eroding estuary in the country. It is often inundated by flooding and subject to being washed out. This highway, appropriately named LA1, is the only land link to the Port that services 75% of this Nation's deepwater oil and gas activities. This same highway is the only means of access to this country's only offshore oil port (LOOP), which takes in 13% (one million barrels per day) of our imported crude oil and is connected to 35% of this nation's refinery capacity. In sum, the threat I speak of now is not from a rogue nation, but from this Nation's failure to address coastal impacts.

I have with me today, State Representative Loulan Pitre, whose district encompasses the port and the southern part of LA1. This highway has been identified as 1 of 44 "high priority corridors" by Congress – it is strategic to our energy supply, at risk, and there is no relief in sight.

There exists a tremendous inequity here of recognized but uncorrected impacts. This critical energy corridor and the communities that support it are faced with a deteriorating highway, with truck traffic increases of as much as 24% some years and twice as many deadly accidents as similar roads in the state. These impacts and numerous others—are all to support the federal leasing programs.

In 2002, MMS generated \$7.8 billion nationally. Over \$5 billion, more than 2/3, came from offshore Louisiana. Louisiana received \$13.4 million, or 1/4 of one percent of what was generated off its coast, while in contrast, New Mexico received \$387 million, or 50% of what it generated in its state!

To add insult to injury, 50% of the 13,000 workers that use this port to access their offshore jobs don't even live in Louisiana, and like the federal government they take their paychecks home with little benefit to the state.

This inequity must be cured if our landside infrastructure is to sustain the level of offshore leasing this country is demanding of us. MMS has identified huge impacts to this focal point area in its environmental impact statements for federal lease sales in the Gulf-yet Congress has not provided a mechanism to mitigate these impacts and secure this nation's energy supply. For the past several years, Congress has attempted to pass legislation designed to help address these inequities. Regretfully, the Conservation and Reinvestment Act – "CARA" – has yet to be passed. I would encourage Members of this Committee to redouble your efforts to have meaningful legislation passed to enable the State of Louisiana and its coastal resources to benefit from the oil and gas activities off its coast, as does the rest of the Nation.

Finally, Congress has begun the process of reauthorizing the Nation's highway and transit program. The South Louisiana community I speak of today has dedicated significant time and local funding toward design and engineering of a replacement highway for LA 1. These plans for construction of the new highway include a significant amount of local funding via tolls and property tax. What is needed though, is federal

dollars as well. We began the process of seeking federal dollars more than six years ago, at the time when TEA-21 was passed. We have had some success, and used these dollars wisely in developing our plans for the highway. Now, we are ready to go. During the drafting and deliberation of the TEA-21 Reauthorization legislation, you will likely hear about our efforts to construct this new highway. I would urge the Members of this Committee to support the funding for this highway, as it not only serves as the only intermodal link to 75% of this Nation's deepwater oil and gas activities, but also serves as the only evacuation route for thousands of residents and vacationers visiting this bountiful area of our State. If no action is taken, I'm afraid we are on a collision course with disaster, and this Nation's energy supply will be threatened like never before.

I again would like to thank the Members of this Committee for allowing me to appear before you today, and I would be pleased to answer any questions you might have.